

STEEL MANUFACTURERS ASSOCIATION

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RECEIVED
FOREIGN-TRADE ZONES BOARD

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OFFICE OF THE
EXECUTIVE SECRETARY

October 21, 2009

Mr. Andrew McGilvray
Executive Secretary
Foreign-Trade Zones Board
U.S. Department of Commerce, Room 2111
1401 Constitution Avenue, NW
Washington, DC 20230

Re: Steel Manufacturers Association – Comments on Applications for
Subzone Authority, Dow Corning Corporation and REC Silicon, Foreign-
Trade Zones 29 and 203

Dear Mr. McGilvray:

This letter provides the comments of the Steel Manufacturers Association (SMA) on the Dow Corning and REC Silicon subzone applications.

The SMA is the primary trade association for scrap-based electric arc furnace steelmakers. Our membership is composed of 34 North American companies that operate 130 steel plants and employ approximately 60,000 people. These 34 companies account for over seventy percent of domestic steel production. The SMA also has 129 Associate Member companies that provide goods and services to the steel industry.

Dumped and subsidized steel imports from China and other countries pose a fundamental threat to our industry – a threat that is magnified by the current economic downturn. For years, U.S. steel companies have had to defend themselves against low-priced imports of steel products that have injured domestic producers and their employees. As a result, antidumping and countervailing duty orders have been issued requiring duties to be paid on imports from foreign suppliers that engaged in unfair trade practices.

The SMA and its members are very concerned that companies are now trying to use the Foreign-Trade Zones program (which we support) as a mechanism for evading antidumping orders. If the FTZ program is allowed to be used for this improper purpose, the integrity of the program will be compromised and there will be very serious consequences for U.S. steel producers and other industries targeted by unfair imports.

Neither the Congress – nor, we believe, the Foreign-Trade Zones Board – ever intended the FTZ program to become an antidumping duty-avoidance mechanism. There is a fundamental difference between not paying regular Customs duties – a legitimate and intended feature of FTZs – and the use of manufacturing subzones to avoid paying antidumping duties. These

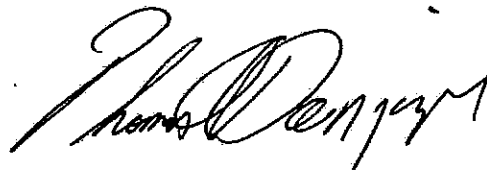
duties (unlike regular Customs duties) are imposed to redress wrongful conduct – unfair import pricing that injured a domestic industry and its workers.

Designating U.S. plants as subzones so that dumped imports can be brought into the plants to replace production inputs made in the United States without paying duties undercuts the relief protecting the domestic supplier of the inputs. It also injures the American workers who produce the inputs. These facts do not change when a U.S. plant is designated as a subzone. Exactly the same injury occurs when below-cost, dumped imports displace domestic silicon metal and, as a result, U.S. production must be curtailed and workers lose their jobs.

Allowing the FTZ program to be used for this purpose would undercut U.S. trade laws and invite foreign suppliers to keep dumping and receiving subsidies. It would send the message to overseas suppliers – including fair traders – that there is no penalty for dumping or subsidization, since if suppliers are caught and duties imposed, they can still access the U.S. market through this FTZ loophole.

The Board has broad authority to prohibit the use of foreign-trade zones for purposes that are contrary to the public interest. We urge the Board to exercise that authority by rejecting subzone applications such as these, which are designed to undermine antidumping or countervailing duty orders to the detriment of companies and workers injured by unfair import competition.

Sincerely,

A handwritten signature in black ink, appearing to read "Thomas A. Danjczek". The signature is fluid and cursive, with the first name "Thomas" and last name "Danjczek" clearly distinguishable.

Thomas A. Danjczek
President
Steel Manufacturers Association